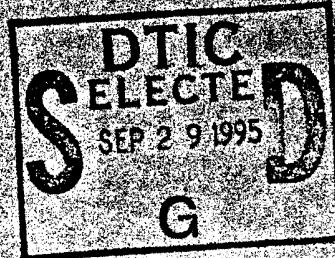


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Our Case's Resident Council's Use of Technical Assistance Grant Funds



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United States
General Accounting Office
Washington, D.C. 20548

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Resources, Community, and
Economic Development Division

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March 2, 1992

The Honorable Henry B. Gonzalez
Chairman, Subcommittee on Housing and
Community Development
Committee on Banking, Finance, and
Urban Affairs
House of Representatives

Rental Housing:
Our Casas Resident
Council's Use of
Technical Assistance
Grant Funds

Dear Mr. Chairman:

This fact sheet responds to your letter of August 16, 1991, requesting that we review the Our Casas Citywide Resident Council's use of the Department of Housing and Urban Development's (HUD) technical assistance grant (TAG) funds. In May 1990 HUD awarded an \$88,000 TAG to the Our Casas group, a nonprofit resident management council located in San Antonio, Texas, to fund training and other activities for the resident management of public housing. You specifically asked us to determine (1) how the TAG funds are being spent by the Our Casas group and whether the expenditures are in keeping with the purposes of the grant and (2) whether Our Casas has received other federal funding.

In summary, we found the following:

- As of September 30, 1991,¹ Our Casas had spent \$60,695, or 69 percent, of its \$88,000 grant award; these funds were generally spent in accordance with the purposes of the grant. However, because Our Casas has not been successful in acquiring office space in public housing developments, as encouraged by HUD's policies governing resident management, it spent almost 14 percent (\$8,402) of its grant funds to rent privately owned office space.
- The Our Casas Citywide Resident Council has not received funding from any other federal source. However, the council has received volunteer workers

¹This is the latest date for which financial data were available.

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from ACTION, a federally funded agency that administers and coordinates domestic volunteer programs sponsored by the federal government, and \$5,000 from a private nonprofit organization.

Section 1 of this fact sheet contains background information on HUD's Public Housing Resident Management Program. Section 2 discusses the formation and funding of the Our Casas Citywide Resident Council. Section 3 provides details on Our Casas' expenditures since the council received the grant award and on whether the expenditures were made in accordance with the purposes of the grant. Section 4 provides information on other sources of funding Our Casas has received.

AGENCY COMMENTS

We performed our work through January 1992 in accordance with generally accepted government auditing standards. We discussed a draft of this fact sheet with responsible agency officials. They generally agreed with the information presented but suggested specific clarifications, which we incorporated where appropriate.

SCOPE AND METHODOLOGY

To respond to your request, we interviewed HUD officials in Washington, D.C., the Fort Worth Regional Office, and the San Antonio Field Office. We reviewed HUD's regulations, policies, and procedures concerning the resident management program. We also reviewed Office of Management and Budget Circular A-110, "Uniform Administrative Requirements for Grants and Agreements With Nonprofit Organizations," and Circular A-122, "Cost Principles for Nonprofit Organizations." These circulars promulgate standards for obtaining consistency and uniformity among federal agencies in the administration of grants and establish principles for determining the costs of grants, contracts, and other agreements with nonprofit organizations.

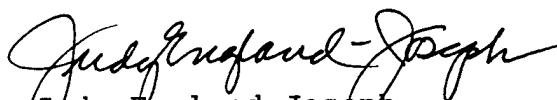
In addition, we reviewed Our Casas' financial records and reports. We interviewed Our Casas' board members, executive director, and accountant concerning the use of grant funds and other financial matters.

We are providing copies of this fact sheet to the appropriate congressional committees, the Secretary of Housing and Urban Development, the Director of the Office of

Management and Budget, and other interested parties. We will also make copies available to others upon request.

Should you have questions or need additional information, please contact me at (202) 275-5525. Major contributors to this fact sheet are included in appendix I.

Sincerely yours,



Judy England-Joseph
Director, Housing and
Community Development Issues

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<u>ABBREVIATIONS</u>		
HUD	Department of Housing and Urban Development	
IRS	Internal Revenue Service	
NTIC	National Training and Information Center	
SAHA	San Antonio Housing Authority	
TAG	technical assistance grant	
VISTA	Volunteer in Service to America	

SECTION 1
THE PUBLIC HOUSING RESIDENT
MANAGEMENT PROGRAM

In 1988 the Congress enacted section 122 of the Housing and Community Development Act of 1987 to establish a new Public Housing Resident Management Program. To the extent to which funds are available, the Department of Housing and Urban Development (HUD) provides up to \$100,000 in technical assistance to resident organizations. HUD provides \$40,000 technical assistance minigrants for start-up activities to resident organizations with fewer than 3 years experience in public housing and community activities. Resident organizations with over 3 years experience may be eligible to receive a grant of up to \$100,000. HUD determines the actual amount of funding to be awarded after a detailed review of the resident organization's work plan and budget. As part of the application review process, HUD determines whether the activities and tasks being proposed by the resident organization are eligible for grant funds and their costs are reasonable. Grant funds are for a 24-month period and can be used to (1) support the development and formation of new resident management organizations, (2) develop management capability within resident management organizations, and (3) identify and obtain social services for residents of public housing developments.

HUD has awarded \$12.4 million to 195 resident management organizations since 1988. (See table 1.1 for a breakdown, per year, of the number of recipients and their funding levels.) Eleven of the 195 grant recipients are located in Texas--four in Houston, three in Dallas, and one each in San Antonio, Diboll, Brownsville, and Ft. Worth.

Table 1.1: Technical Assistance Grant Fund Awards,
Fiscal Years 1988-91

Dollars in millions

<u>Year</u>	<u>Amount</u>	<u>Recipients</u>
1988	\$ 2.5	27
1989	2.5	35
1990	2.4	37
1991	<u>5.0</u>	<u>96</u>
Total	<u>\$12.4</u>	<u>195</u>

Source: Review of Fiscal Year 1990 Resident Management
Technical Assistant Grant Awards, HUD, Office of
the Inspector General, 92-TS-109-0002 (Oct. 29,
1991).

SECTION 2

FORMATION AND FUNDING OF THE OUR CASAS

RESIDENT COUNCIL

In the 1970s residents of San Antonio's public housing developments began forming resident associations to voice concerns about their living conditions to the San Antonio Housing Authority (SAHA). Twelve public housing developments, which provide housing for approximately 7,700 residents, united in May 1989 under an umbrella organization called the Our Casas Citywide Resident Association Council. The organization's by-laws call for each development to elect one of its residents to serve on the Our Casas board of directors.

On July 18, 1989, the council applied to HUD for a \$100,000 technical assistance grant, and on May 17, 1990, received a grant for \$88,000. Our Casas did not receive the \$100,000 maximum because of funding limitations. According to a HUD official, out of the 35 grants awarded in 1989, only the three highest ranked organizations received the full award amount.

Grant funds were to be used by Our Casas over a 24-month period to conduct feasibility studies on tenant management to determine whether such management is appropriate and warranted for the 12 housing developments. Funds were also to be used to train residents, including board members, on issues such as leadership, community awareness, self-advocacy, self-sufficiency, security, maintenance, housekeeping, social service, economic development, and literacy.

On November 14, 1990, the council board hired a management specialist, as authorized by the grant, as the Executive Director of the Our Casas Citywide Resident Council. The position was advertised in San Antonio's two largest newspapers and attracted 35 applicants. The executive director subsequently hired two part-time community technical assistants and a part-time clerk-typist.

In May 1991 the council applied to HUD for \$12,000, the remainder of the maximum grant award amount. HUD was unable to fund the council's request because of funding limitations. In fiscal year 1991, \$5 million in technical assistance grant funds were available to resident organizations. HUD funded 94 of the 118 organizations applying for grant funds. Our Casas' application was not evaluated high enough to receive funding.

SECTION 3

GRANT FUND EXPENDITURES

HUD's San Antonio Field Office is responsible for approving Our Casas' use of grant funds and monitoring actual expenditures. Before releasing grant funds, HUD generally reviews fund requisitions along with paid invoices or other supporting documentation.

Our review showed that grant funds generally were spent in accordance with the purposes of the grant. Specifically, funds were used to support the development of the resident management organization and develop management capabilities.

As of September 30, 1991, Our Casas had spent \$60,695, or 69 percent, of the \$88,000 grant award. Of that \$60,695, HUD disallowed \$2,059 of the costs submitted by Our Casas for approval. A breakdown of the expenses incurred is presented in table 3.1, followed by our analysis.

Table 3.1: Use of Our Casas Technical Assistance Grant Funds, May 17, 1990-September 30, 1991

<u>Expense category</u>	<u>Amount</u>
Direct labor, and social security payments	\$33,743
Office space	8,402
Materials	8,244
Consultants	4,833
Transportation	2,058
Telephone	1,830
Office furniture and equipment	725
Expense clearing account	<u>860</u>
 Total	 <u>\$60,695</u>

Note: This is the latest period of time for which financial data were available.

Source: Our Casas Resident Council Records.

Direct Labor and Social Security

Much of the \$33,743 incurred for this expense category represents salary paid to the executive director--\$18,009 as of September 30, 1991. His contract, which expired on January 14, 1992, called for a payment of \$25,000 to be spread over a 14-month period in biweekly salary payments. Although the executive director is no longer drawing a salary from grant funds, he continues to work with the Our Casas group on a pro-bono basis.

While reviewing the salaries and expense accounts, we noted that money withheld from the salaries of the executive director and a part-time employee for social security and federal income taxes was not always promptly forwarded to the Internal Revenue Service (IRS). Instead, funds set aside for this purpose were spent on normal operating expenses of the council. As a result, in one instance Our Casas had to requisition \$785 from HUD in order to make a payment to the IRS. HUD cautioned Our Casas, in August and September 1991, about this matter. In a September 23, 1991, letter to HUD, the executive director stated that late filings would not occur in the future.

Office Space

HUD encourages public housing authorities to provide support for public housing resident initiatives, including providing space for resident council activities. However, Our Casas has been

unsuccessful in its efforts to acquire office space from SAHA, and documentation in Our Casas and HUD files indicates that a less-than-cooperative working relationship has existed between SAHA and Our Casas. The council paid \$8,402, or 14 percent, of its grant funds for commercial office space through September 1991, and monthly rent payments are continuing.

Materials

The \$8,244 for materials consists of \$5,843 for general office supplies and office start-up costs; \$2,113 for mail-out services, which included copying, assembling, and distributing proposals and applications to various funding sources; \$105 for printing and typesetting the proposals; and \$183 for advertising the housing specialist position that culminated in hiring the Our Casas executive director in November 1990.

Consultants

The consultants expense category total of \$4,833 includes \$875 for accounting services, \$665 for legal services, and \$3,293 for training residents and board members. The largest training expense item was \$2,296 for transportation, lodging, per diem, and registration fees for four Our Casas representatives to attend a 5-day conference for new grantees in Dallas, Texas. Other training expenses were for courses on leadership development and communication skills.

Transportation

The \$2,058 for transportation includes \$580 for air fare and \$738 for per diem incurred by Our Casas board president and executive director to attend a 3-day on-site training workshop at Kenilworth Parkside Resident Management Corporation and two other corporations in Washington, D.C. The remaining \$740 was used to rent passenger vans to transport San Antonio public housing development residents to and from local training workshops.

Telephone

The telephone expense total of \$1,830 includes fixed monthly equipment rental charges of \$85 and additional monthly long distance charges.

Office Furniture and Equipment

Our Casas purchased used office desks and chairs for \$550 and paid \$175 to the United Way for processing Our Casas' application for a computer grant from Apple Computer, Inc. Our Casas acquired the computer in August 1991.

Expense Clearing Account

This temporary account is used by the council's accountant to record expenditures which, in his opinion, do not appear to fall into any other cost category. It includes the payment of \$785 to the IRS. It also includes \$75 to rent conference room space for the purpose of informing public housing tenants about resident management initiatives.

Disallowed Costs

HUD disallowed costs totaling \$2,059. The disallowed items consisted of an estimated \$1,900 for a computer HUD believed was too expensive, \$83 for typing services paid to a housing development that is not a member of Our Casas, and \$76 for refreshments at board meetings.

We identified additional invoices totaling \$3,045 for costs incurred by Our Casas before September 30, 1991, which had not been submitted to HUD for approval as of November 20, 1991. HUD reviewed these invoices at our request and approved \$2,774 for reimbursement but disallowed \$271--\$150 for a liability insurance policy taken out by Our Casas for a council function; \$31 for a coffee maker, coffee mugs, and food; and \$90 that HUD determined had been submitted previously.

SECTION 4

OTHER SOURCES OF FUNDING

According to HUD grant policies, grant funds are considered seed money for resident council operations. HUD encourages and assists grant recipients in obtaining additional funds from other public or private sources. According to a HUD official, the cost of training and other operational support often exceeds the statutory \$100,000 assistance HUD is allowed to provide through its technical assistance grant. Although there is no limit to the amount of additional funding a grant recipient can receive, HUD does not allow duplicative funding from federal sources.

As of September 1991 the Our Casas Citywide Resident Council had not received any federal funds in addition to the \$88,000 technical assistance grant. However, the council has received nonmonetary assistance from one federal agency and monetary assistance from a private nonprofit organization.

Our Casas has received nonmonetary assistance from ACTION, the principal agency in the federal government for administering volunteer service programs. Since July 1991, 7 to 12 VISTA (Volunteers in Service to America) volunteers have been working with Our Casas to assist in a door-to-door survey of the 12 public housing developments. The surveys are designed to assess tenants' training needs and interests in resident management. As of January 24, 1992, Our Casas had nine VISTA volunteers. All nine VISTA workers are residents of the Our Casas housing developments. According to an ACTION region VI official, VISTA volunteers receive biweekly payments that total about \$609 monthly from ACTION and accumulate a \$95 monthly stipend that they will receive when their services end in June 1992.

Our Casas has also received \$5,000 from a private nonprofit organization--the National Training and Information Center (NTIC). This organization helps community groups, such as the Our Casas Citywide Resident Council, deal with various local neighborhood issues, such as housing, utilities, health care, crime, and drugs. Our Casas used the \$5,000, in conjunction with other funds raised, to cover expenses for 20 residents to attend the 29th Annual People's Action Conference, held in Washington, D.C., in April 1991.

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